

Intelligence MEMOS



From: William B.P. Robson
To: Canadian Public Finance Watchers
Date: April 23 2024
Re: **AN UNSERIOUS BUDGET WITH UNSERIOUS PROJECTIONS**

Last week's federal budget showed again – as if it were needed – that this government is not serious about public finances.

It was late, given that the 2024/25 fiscal year started more than two weeks ago. It buried the numbers on revenue, expenses, deficit, and debt that ought to be upfront under 350-plus pages of spin. And while the numbers themselves look serious – relentlessly rising taxes and spending, chronic deficits, and interest eating ever more revenue – we have no reason to believe them.

Why would we? This government's first projections for the current budget year of 2024/25 were in its 2019 fall economic statement. That statement showed federal spending of \$421 billion in 2024/25. The government presented no budget at all in 2020 – more evidence of unseriousness – and its 2020 fall statement removed some pension costs from the presentation – yet more evidence.

But if we add those pension costs back, the 2020 statement showed spending in 2024/25 at \$429 billion. That was a small sign of bigger things to come. The 2021 fall statement projected 2024/25 spending at \$465 billion. The 2022 fall statement said \$505 billion. The 2023 fall statement said \$522 billion. Yesterday's budget shows 2024/25 spending at \$538 billion – an eye-popping 28 percent more than the 2019 figure.

Are other projections in the 2024 budget any more believable? The main defence against further rises in the ratio of federal debt to GDP is additional revenue from higher capital gains taxes, the digital services tax and a global minimum tax. But, the digital services tax may never be implemented, and the legislation for the capital gains tax increases and the global minimum tax is not even written. Notwithstanding rhetoric about fairness for all generations, the likely outcome is bigger deficits and an even heavier debt load on the young.

Canadians need many things from future federal governments, and treating public finance as though it matters heads the list.

Tax hikes, rising debt and interest charges – these threats to our already stagnating living standards would not exist if the government did not now plan to spend \$117 billion more than it projected in 2019. We need governments that take budgets seriously.

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A version of this Memo first [appeared](#) in The Hub.